

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 93-163-C - ORDER NO. 94-3 /c
JANUARY 3, 1994

IN RE: Application of TeleDebit, L.P. for)
a Certificate of Public Convenience) ORDER
and Necessity to Provide Resold) APPROVING
Telecommunications Services within) CERTIFICATE
the State of South Carolina.)

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of the Application of TeleDebit, L.P. (TeleDebit or the Company) requesting a Certificate of Public Convenience and Necessity authorizing it to provide resold telecommunications services in the State of South Carolina. TeleDebit's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1992) and the Regulations of the Public Service Commission of South Carolina.

TeleDebit offers a prepaid telecommunications service through use of a prepaid calling card. Subscribers purchase a calling card, called the TeleDebit Phone Card, which enables subscribers to place long distance calls through the Company's toll free network users' number. TeleDebit's Phone Card operates on a debit system whereby the subscriber purchases the calling card for a specified amount, and the card is "debited" for the cost of calls as calls are placed.

The Commission's Executive Director instructed TeleDebit to publish, one time, a prepared Notice of Filing in newspapers of

general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of TeleDebit's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. TeleDebit complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. Petitions to Intervene were filed by Southern Bell Telephone and Telegraph Company (Southern Bell) and the Consumer Advocate for the State of South Carolina (the Consumer Advocate). Southern Bell subsequently filed a Motion to Withdraw from this proceeding and that Motion was granted in Order No. 93-656 dated July 21, 1993. The Consumer Advocate has now filed a letter stating that it no longer desires to participate in a hearing on this matter.

George C. Pierce, President, CEO and Chairman of TeleDebit Corporation which is the General Partner of TeleDebit L.P., submitted verified testimony and an affidavit on behalf of the Company's Application. Mr. Pierce explained the company's service. According to Mr. Pierce, the Company's calling card operates on a debit system. Subscribers purchase the TeleDebit Phone Card for a stated face value ranging from \$3.00 to \$100.00. Each TeleDebit Phone Card includes instructions for use and a unique account number. To place a call, a caller dials an 800 number to access the TeleDebit system. The caller is then prompted by an automated voice response system to enter the account number and then to enter the terminating telephone number. TeleDebit calculates the appropriate call charges on a real time basis and deducts the charges from the balance on the card.

According to Mr. Pierce, callers will be warned by a series of beeps when the card nears depletion. Callers may add value to the existing card by using a commercial credit card or may purchase an additional card.

Mr. Pierce also explained TeleDebit's financial, technical, and managerial qualifications. Mr. Pierce described special features associated with the TeleDebit Phone Card such as speed dial and blocking of certain phone numbers. According to Mr. Pierce, the TeleDebit Phone Card will offer callers an easy-to-use means of controlling telecommunications costs as users can easily plan and control expenses. Additionally, Mr. Pierce offers that TeleDebit's prepaid system may make telecommunications services available to end users who might not otherwise qualify for telephone service.

Mr. Pierce further testified that TeleDebit uses WillTel as its underlying carrier. Additionally, Mr. Pierce stated that TeleDebit has not provided intrastate services in South Carolina prior to receiving authority and that TeleDebit agrees to operate and abide by the Rules and Regulations of the Commission. Mr. Pierce also stated that TeleDebit does not and will not provide any 900 telecommunications services in South Carolina.

After full consideration of the applicable law, the Application, and verified testimony and affidavit presented by TeleDebit, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. TeleDebit, L.P. is a limited partnership organized under

the laws of the State of Delaware, and is authorized to do business as a foreign limited partnership in the State of South Carolina by the Secretary of State.

2. TeleDebit operates as a non-facilities based reseller of interexchange services and wishes to do so in South Carolina.

3. TeleDebit has the experience, capability, and financial resources to provide the service as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to TeleDebit to provide intrastate service through the resale of common carrier telecommunications services.

2. The Commission adopts a rate design for TeleDebit for its resale services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. TeleDebit shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. TeleDebit shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of TeleDebit's subscribers shall constitute a general ratemaking

proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1992).

4. TeleDebit shall file its tariff and an accompanying price list within thirty (30) days of the date of this Order. Further, the tariff shall be filed with the Commission in a loose-leaf binder.

5. TeleDebit is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

6. TeleDebit shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If TeleDebit changes underlying carriers, it shall notify the Commission in writing.

7. TeleDebit shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

8. TeleDebit shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178, in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

9. The Commission concludes that the Consumer Advocate's letter stating its intention not to participate in a hearing in this matter is tantamount to a request to withdraw its intervention. The Commission further concludes that the Consumer Advocate's request to withdraw its intervention should be granted.

10. The Commission also concludes that TeleDebit must post a

bond prior to receiving certification. Due to the nature of the service proposed by TeleDebit where a subscriber must pay for services before the services are rendered, this Commission believes that a bond is necessary for the protection of the subscribers in South Carolina until such time as the Company has operated in the State and has had the opportunity to demonstrate its stability. Therefore, the Commission requires as a condition to the granting of a Certificate to Operate as a Reseller of Telecommunications Services that TeleDebit post a bond with the Commission by delivering to the Commission Certificates of Deposit, in the amount of Five Thousand (\$5000.00) Dollars and drawn in the name of the Public Service Commission of South Carolina. The Certificates of Deposit shall be drawn on federal or state chartered banks or savings and loan associations who maintain an office in this State and whose accounts are insured by either the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. After twelve (12) months from the date of this Order, the Commission will review the Company's financial reports and reassess the requirement of TeleDebit maintaining a bond.

11. A Certificate of Public Convenience and Necessity to Operate as a Reseller of Intrastate Telecommunications Services within the State of South Carolina is hereby granted to TeleDebit, L.P. in accordance with the terms and conditions of this Order.

12. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

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ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS

FOR INTEREXCHANGE COMPANIES AND AOS'S

- (1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION, MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.

- (4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

- (5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3 ABOVE).